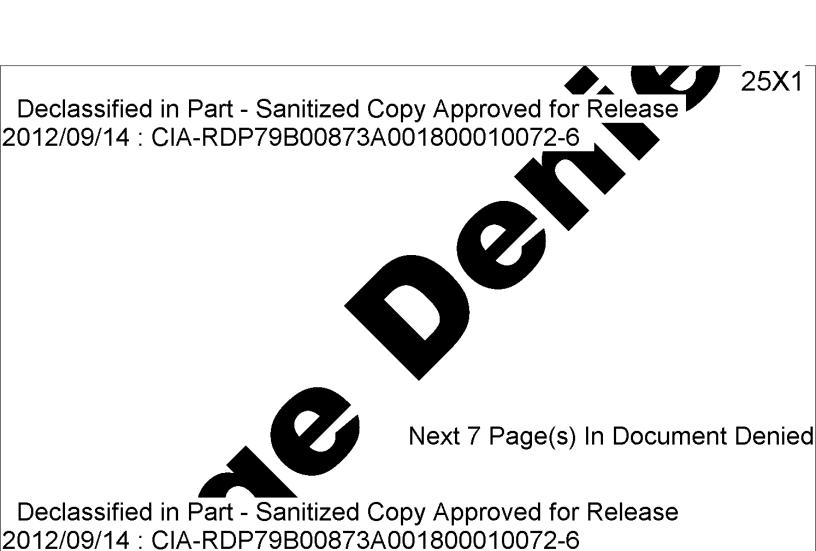
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3 October 1966

MEMORANDUM FOR: Executive Director

SUBJECT Chip Concept Analysis

- Thorough perusal of all available documentation regarding NPIC's "Chip Problem" and discussions in depth with those concerned lead me to recommend that:
 - a. An investigation and analysis of the Center chip concept be handled externally on private contract, and
 - b. This investigation and analysis be included as Phase I of the work being planned for the Center's Materials Handling Study (non-digitally stored data) for which a final design objective is now being written by P&DS. and
 - c. Since the total materials handling problem is larger than, and now includes the chip concept analysis as previously considered, it should be handled as one of PEDS's major projects and have the design objective disseminated to industry for proposals to be considered on a bid basis.
- 2. All new work planned by P&DS for FY 1967 related to image chips is being postponed until after the results of Phase I of the Materials Handling Study are received. (There may be one or two minor exceptions to this regarding specifically requested small items of equipment.)

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